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Message Text

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65
ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 L-03 CIAE-00 COME-00

DODE-00 DOTE-00 FMC-01 INR-07 NSAE-00 CG-00 OFA-01

DLOS-04 TAR-01 AID-05 CEA-01 FRB-03 IO-10 NEA-10

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

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INFO AMEMBASSY BRUSSELS
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AMEMBASSY HELSINKI
AMEMBASSY BONN
AMCONSUL HAMBURG
AMEMBASSY ATHENS
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM

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E.O. 11652: N/A
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SUBJ: HOST GOVERNMENT REACTION TO MARITIME RATE-CUTTING PRACTICES
REF: STATE 244923

1. SUBJECT REFTEL DISCUSSED WITH SECRETARY-GENERAL FARTHING OF COUNCIL OF EUROPEAN AND JAPANESE NATIONAL SHIPOWNERS ASSOCIATIONS (CENSA). HE NOTED THAT OWNER MEMBERS OF CELSA CONSIDER RATE-CUTTING BY EASTERN
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EUROPEAN LINES, PARTICULARLY SOVIET LINES, AN ISSUE OF

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DEEPENING CONCERN OVER PAST SEVERAL YEARS. IN THIS REGARD, CENSA HAS BEEN WORKING UP A STUDY OF THE ISSUE WHICH NOW JUST ABOUT COMPLETE (WE UNDERSTAND ADVANCE COPY HAS BEEN MADE AVAILABLE TO EB/TT/MA IN DEPT.). WHILE RATE-CUTTING HAS NOT BEEN AS PREVALENT IN N. ATLANTIC AS IN PACIFIC IN PAST FEW YEARS, PROBLEM IS GROWING IN SEVERITY.

2. FARTHING POINTED OUT DIFFICULTY WITH RATE-CUTTING IS QUANTIFYINE ITS EFFECT ON SHIPPING. WHAT, IN FACT, ARE "DUMPING" RATES AND HOW CAN IT BE PROVED THEY ARE BEING USED? THESE QUESTIONS, HE NOTED, ARE SAME AS THOSE WHICH ARE BEING ASKED IN CONNECTION WITH U.S. DRAFT LEGISLATION MENTIONED REFTEL WHICH CENSA HAS BEEN SUPPORTING THROUGH ITS SUBMISSIONS TO CONGRESSIONAL COMMITTEES.

3. AS FURTHER INDICATION OF SERIOUSNESS WITH WHICH INDUSTRY VIEWS RATE CUTTING, FARTHING ALSO MENTIONED RECENTLY PUBLISHED STATEMENT BY MR. T. BOLTON, PRESIDENT OF THE GENERAL COUNCIL OF BRITISH SHIPPING IN WHICH HE SAID THAT THE UK FLEET COULD BE HALVED AS A RESULT OF RATE CUTTING IN THE LINER TRADES. (COPY OF NEWSPAPER ARTICLE POUCHED TO EB/TT/MA OCTOBER 7.)

4. WE ALSO REVIEWED WITH BANNARD OF DEPT. OF TRADE RECENT DISCUSSIONS HIS CHIEF LANCHIN HAD WITH DEPT. OFFICERS ON RATE-CUTTING PROBLEM. HE EMPHASIZED THAT UK GOVERNMENT CONSIDERS SOVIET RATE-CUTTING AND ALLIED, ACCELERATED SOVIET SHIPBUILDING PROGRAM, AS WELL AS TRANS-SIBERIAN RAILWAY "LAND BRIDGE" SPECIAL RATES AS MAJOR MARITIME POLICY ISSUE BEFORE WESTERN GOVERNMENTS AT THIS TIME.

5. BANNARD SAID EUROPEAN CONSULTATIVE SHIPPING GROUP (CSG) TO TAKE UP DISCUSSION OF THESE ISSUES AT DECEMBER MEETING. WHETHER OR NOT ISSUE WILL ALSO BE BROUGHT BEFORE OECD MARITIME TRANSPORT COMMITTEE BY EUROPEANS WILL DEPEND ON PROGRESS MADE AT CSG.

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6. REGARDING UK LEGAL ACTION ON RATE CUTTING, BANNARD NOTED THAT UK MERCHANT SHIPPING BILL OF 1974 (CLAUSE 14) COULD TECHNICALLY BE USED TO ACT AGAINST SOVIET PRACTICE HE POINTED OUT, HOWEVER, THAT ANY ACTION TAKEN UNDER CLAUSE 14 WOULD HAVE TO BE APPROVED BY BOTH HOUSES OF PARLIAMENT. DOR THIS REASON A CAST-IRON CASE WOULD FIRST NEED TO BE ESTABLISHED ON NATURE AND DEGREE OF DAMAGE RATE-CUTTING AND ALLIED PRACTICES HAD, IN FACT,

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CAUSED TO UK SHIPPING. IN THIS REGARD, HE ALSO SAID IT
UK FEELING THAT ANY ACTION VIS-A-VIS SOVIET RATE-CUTTING
SHOULD BE MULTILATERAL RATHER THAN BILATERAL FOR
GREATEST CHANCE OF SUCCESS.BEFORE UK PARLIAMENT WOULD
BE PREPARED TO ACT IF ISSUE BROUGHT BEFORE IT, IT WOULD,
NO DOUBT, WISH TO BE ASSURED OF SUPPORT FROM OTHER MAJOR
WESTERN SHIPPING COUNTRIES.

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